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# Role of Private Sector in Higher Education of Pakistan: Predicaments and Insights

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# **ROLE OF PRIVATE SECTOR IN HIGHER EDUCATION OF PAKISTAN: PREDICAMENTS AND INSIGHTS**

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## **ABSTRACT**

The nationalization of industry and education in the early 1970s resulted in the deterioration of private sector with minimal investment in this field. This continued into late 90s with Pakistan recording comparatively low public spending on education as a percentage of GDP<sup>1</sup>. Thus the government of Pakistan, in an effort to enhance intellectual capital and enrollments, established the Higher Education Commission (HEC) assigned to evaluate, improve and promote the higher education and research culture in both public and private sectors in Pakistan. Since its establishment in 2002, the HEC has “undertaken a systematic process of implementation of the five-year agenda for reform outlined in the HEC Medium Term Development Framework (MTDF)<sup>2</sup>. Thus, with the inception of HEC, the number of private sector universities has surged from 25 (2001) to 53 (2010)<sup>3</sup> and the private sector enrolments in higher education institutions increased from 43,873 a 15.8% of the total enrolment of 276,274 (2001) to 115,369 a 14% of the total enrolment which is 803,507(2009)<sup>4</sup>.

The contribution of private sector has been criticized for not being aligned with the national priority paradigm or core strategic aims proposed by HEC in its Medium Term Development Framework 2005-2010 (MTDF). The MTDF stressed upon the importance of improving access

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<sup>1</sup> Public Sector Spending on Education is 2.1 as a % of GDP, Pakistan Economic Survey, 2010.

<sup>2</sup> Ali, S.M, 2008, pg.2, as cited in National news, Associated Press of Pakistan. Webpage:  
<http://www.app.com.pk/National.htm>.

<sup>3</sup> Statistical Information Unit 2010, Higher Education Commission, Government of Pakistan, pg.04.

<sup>4</sup> Statistical Information Unit 2010, Higher Education Commission, Government of Pakistan, pg.10.

to education; promoting excellence in learning and research; faculty development; and industrial linkages relevant to the economy<sup>5</sup>.

Although HEC has granted charter to the private sector as “general institutes”, the focus of autonomous private sector institutions has remained on demand-led subjects producing graduates specifically in the fields of management sciences, medical, engineering and information technology. Also the expansion in the institutional capacity of private educational sector may not guarantee employability. Critics of private sector have always perceived its efforts delinked from government’s intention of enhancing the quality of research and growth in pure/basic disciplines of science, social sciences and humanities.

The purpose of this paper, therefore, is to analyze the strategic targets envisaged in the HEC Policy and Educational Reforms in Pakistan; to appreciate the participation of private sector institutions towards improving the access to higher education; to objectively evaluate its role and initiatives in the development of human capital suitable for national and international socio-economic milieu; and also to examine the contribution of private sector in promoting research culture. The paper concludes that HEC needs to revisit its strategies set out in the MTFD and introduce new guidelines for private sector in higher education.

**Key Words:** Educational Reforms, Gross Development Product (GDP), Higher Education Commission (HEC), Medium Term Development Framework (MTDF), Private Sector

## 1. Introduction

Since the inception of Pakistan in 1947, the private sector featured as a major contribution higher education until it became victim to the nationalization policy of the 1972 political regime. The academic functions of the country were operated by the University Grants Commission (UGC), a government-run organization that was established in 1974. The standard of education declined consistently and to tackle this decadent trend, an independent autonomous body- the Higher Education Commission (HEC) was instituted in 2001 to “facilitate quality assurance of higher education in both the public and private sectors, and link funding by the Federal Government for public universities to quality performance.”<sup>6</sup> Unattainable targets outlined in the successive policies and plans, and feeble political resolve rendered the implementation of the targets impossible.<sup>7</sup> However, the HEC citing unqualified faculty, low enrollment, minimal relevance of higher education to national needs, lack of compatibility to international standards, low quality

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<sup>5</sup> MTFD 2005-2010, Higher Education Commission, Government of Pakistan, pg.18  
[http://www.hec.gov.pk/InsideHEC/AboutHEC/Documents/413\\_HEC\\_med\\_dev.pdf](http://www.hec.gov.pk/InsideHEC/AboutHEC/Documents/413_HEC_med_dev.pdf)

\* All the contributors are associated with Iqra University , Karachi

<sup>6</sup> See *The Genesis* HEC Report 2002-2008 (pp. 23-24) for a detailed list of mandated functions of HEC.

<sup>7</sup> See *The Genesis* HEC Report 2002-2008 (p. 21)

of research, lack of relevance to national requirements, and poor governance of universities<sup>8</sup>, necessitated the formulation of Medium Term Development Framework (MTDF).

This paper, therefore, examines the contribution of private sector towards improving the access to higher education followed by an analysis of HEC Policy and Educational Reforms in Pakistan. It also evaluates the involvement of the private sector in the development of human capital suitable regional and global socio-economic contexts. The paper concludes that HEC needs to revisit its strategies spelled out in the MTDF and introduce new guidelines for private sector in higher education.

## 2. World Trends and State of Higher Education in Pakistan

- 21 European countries 34% of people, on average, completed tertiary education (OECD Study).
- Korea, Japan, Canada and Russia have participation rates of more than 50% (Education at a Glance 2010)
- Developed countries are achieving more than 40% participation rate in higher education.
- In Pakistan, participation rate at higher education is about 3% of age group (17-23) which is 16.2 % as world average of this age group.

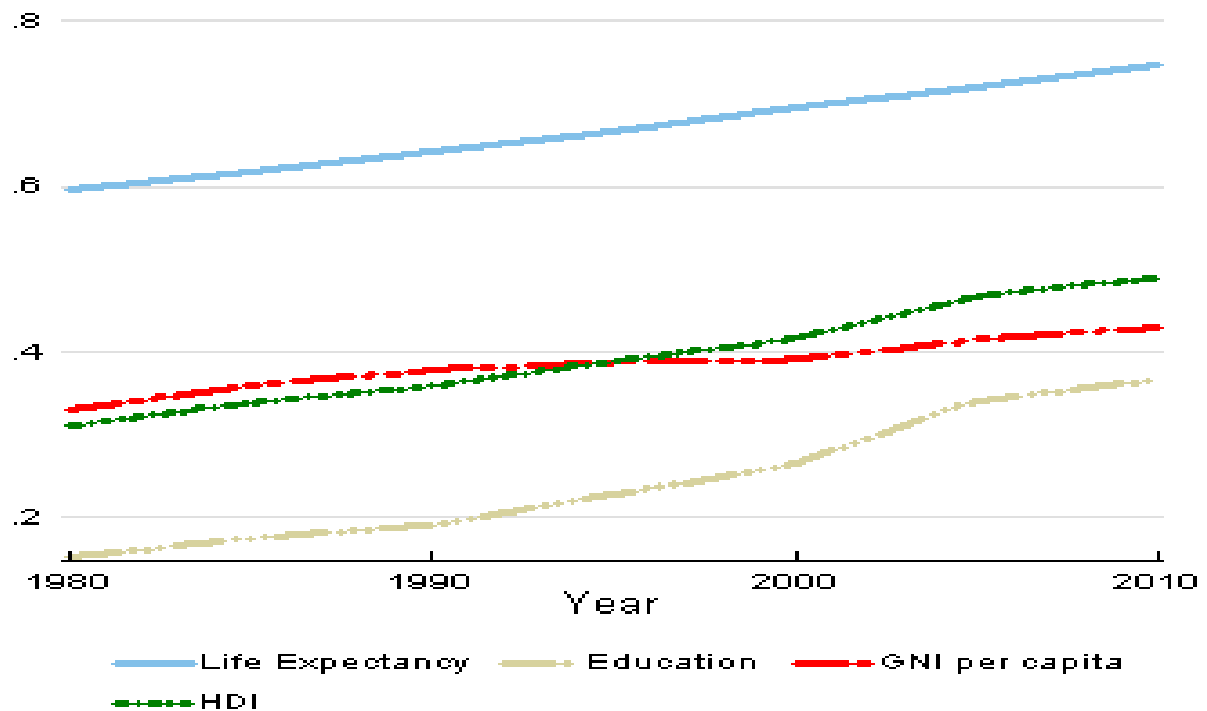
<b>Gross Enrollment Ratio (% of relevant group)</b>			
Countries	Primary	Secondary	Tertiary
Bangladesh	-	-	7
China	104	91	47
India	112	55	12
Indonesia	114	66	17
Iran	121	73	31
Pakistan	84	33	5
Thailand	106	83	50

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<sup>8</sup> See MDTF 2005-2010 (p.6) [http://www.hec.gov.pk/InsideHEC/AboutHEC/Documents/413\\_HEC\\_med\\_dev.pdf](http://www.hec.gov.pk/InsideHEC/AboutHEC/Documents/413_HEC_med_dev.pdf)

- The overall literacy rate (age 10 years and above) is 57% (69% for male and 45% for female) compared to 56% (69% for male and 44% for female) for 2007-08.
- Literacy remains higher in urban areas (74%) than in rural areas (48%), and is more prevalent for men (69%) compared to women (45%).

Comparison of Public Sector Spending (as a % of GDP)		
Bangladesh	2.6	55%
China	-	93.7%
India	3.3	-
Indonesia	3.5	-
Iran	5.2	-
Nepal	3.2	57.9%
Pakistan	2.1	57.0%
Srilanka	-	90.6%
Thailand	4.5	-
Vietnam	5.3	92.5%



### **3. Private Sector and Medium Term Development Framework**

The MTDF reiterated the significance of private sector to produce “knowledge-economy” and “human resource development” by transitioning from “agriculture sector to high value-added agricultural produce, information technology, biotechnology, engineering sciences, pharmaceuticals, material sciences, basic sciences, social sciences, economics, finance and other disciplines” (MTDF 2005-2010). It also sought to generate “strong industry-university linkages” and ensure newly established private institutes meet the prescribed standards of quality (HEC Report 2002-2008. pp.8, 16, 26). One of the major initiatives of MTDF was to “incentivize” and “encourage” the private sector “to open quality institutions in disciplines relevant to the socio-economic development of the country” (ibid. p27).

The World Bank Task Force on Higher Education (TFHE) identified that ‘Basic sciences and the humanities, for example, are essential for national development’ (World Bank 2000, p.11). A holistic analysis of the higher education in Pakistan especially with reference to private sector suggests that these ingredients, indispensable for the development of the socio-economic aspect of the economy, remained neglected, with more emphasis on the demand led subjects as indicated by the Higher Education Policy Note (HEPN 2006) the government of Pakistan:

Stimulated by a burgeoning demand that the public sector is unable to meet, private sector institutions currently serve almost one-fourth of HEI enrollments. Private institutions are particularly active in the areas of business administration, computer science, and IT -- areas where employer demand is high.<sup>9</sup>

Clearly, as the government is unable to catch up with the demand for education the private sector is operating along commercialized and business orientated framework. This has resulted in formation of oligopolistic market system with the focus on profit maximization through price setting, product differentiation, and interdependence upon a handful of private run institutions. Now the question arises as to how the private sector education system is benefitting from this situation.

#### **Main Issues Pertinent to Higher Education**

- I. ACCESS
- II. EQUITY
- III. QUALITY
- IV. LINKAGES WITH ECONOMICS /INDUSTRIAL GROWTH
- V. CENTRALIZED APPROACH OF HEC IN REGULATING THE INSTITUTIONS

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<sup>9</sup> See Clause 34. Higher Education Policy Note (2006) Report No. 37247

**a. Access**

**Male/Female Ratio**

- In Pakistan 24 % of adult women have a secondary or higher level of education compared to 47% of their male counterparts.
- Female participation in the labour market 22% compared to 87% for men.
- The result is a GII value for Pakistan of 0.721 ranking it 112 out of 138 countries based on 2008 data.
- Pakistan's "HDI neighbours", India and Bangladesh, are ranked at 122 and 116 respectively on this index<sup>10</sup>.

**Urban Rural Divide**

Region	Universities	Public	Private
AJK	4	2	2
Balochistan	8	6	2
Federal Area	16	13	3
Gilgit-Balistan	1	1	-
Khyber-Pukhtoonkhwa	24	15	9

- There is only one private campus in Balochistan which is Iqra University.
- 25 Universities in Sindh are operating in Karachi and other Urban areas of Sindh. (See [hec.gov.pk](http://hec.gov.pk)).
- Public Sector outreach is also limited to cities

**Undergraduate/Graduate Teaching in demand led / Non laboratories subjects**

Stimulated by a burgeoning demand that the public sector is unable to meet, private sector institutions currently serve almost one-fourth of HEI enrollments. Private institutions are particularly active in the areas of business administration, computer science, and IT -- areas where employer demand is high\*

Therefore both the government and private sector are focusing on demand led subjects and department in both sectors have witnessed a decline in the number of enrolments in liberal arts and humanities subjects.

\* See Clause 34. Higher Education Policy Note (2006) Report No. 37247

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<sup>10</sup> Gender Inequality Index (GII)

- Six years before HEC's inception, 3,260 research articles were published. During HEC's six years, a total of 11,185 research articles were published in leading academic journals.
- This escalation of more than 300 percent is an indicator of the quantitative performance.
- International research publications in Pakistan rose from 600 research papers per year in 2003 to 4,300 research papers in 2008.

\* The growth in research culture in terms of research publications has been in public sector universities where the private sector universities have a lot of ground to cover.

### **More Resource Generation and Higher Budgetary Allocation to Education:**

Firstly, the major issue in education finance in Pakistan is the low public sector investment as with minimal allocations even when education is a priority in the social sector schema. The allocations are somewhat modest because of the inherent so called 'intrinsic rigidities' such as resource constraints, large establishment bills in the presence of "large salaried workforce and heavy debt interest repayments in the financial system of Pakistan, arising from more pressing commitments of the country".<sup>11</sup>

The IMF analysis suggests that the real gross domestic product (GDP) of Pakistan in 2008 recorded a growth of 6 percent in 2008 where its GDP per capita was around \$2,600 but the real GDP is expected to drop to just 2.5 percent in 2009. Pakistan in 2000-2001 allocated less than 3% of its annual budget on education, where UNESCO, proposes an underdeveloped nation allocate at least 4% of its total GDP for education. Chad, one of the poorest nations in the world, has allocated 6% for education in its last budget. GDP 2009 is \$166,545

Although Pakistan is ranked second in the South Asia for its Ease of Doing Business Index in the private sector, however, the "infrastructural constraints, corruption, weak intellectual property rights, and a feudal system of land distribution are some of the major bottlenecks preventing a more effective and vibrant private sector in the country". Kaul, in his insightful investigation marks that the academic community would prefer higher education to be regard as a 'public good', but at the moment it is parallel to 'private consumption' where consumer benefits directly correlate with the income. The WTO Secretariat in September 1998 has mentioned that with the

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<sup>11</sup> UNESCO Islamabad May 2003 Ministry of Education, Government of Pakistan



rapid changes in higher education ‘education also exists as a private consumption item with a price determined freely by the providing institutions’. (Kaul 2006, p.6)

In 2000-01, of the 13,072 higher education institutions, 42 per cent were privately owned and run catering to 37 per cent of students enrolled into Higher education, that is, approximately 3.1 million out of total 8.4 million. (**Higher Education in India: Seizing The Opportunity** Sanat Kaul May 2006, p.22)

The gross enrolment rate of higher education in India is roughly 6per cent. (**Higher Education in India: Seizing The Opportunity** Sanat Kaul May 2006, p.32)

Development and Non Development Expenditure on Higher Education (Million Rs.)					
Year	2005-06	2006-07	2007-08	2008-09	2009-10
Released Recurring	10,493.41	14,332.52	12,536.50	15,766.43	21,500.00
Released Development	10,890.88	14,409.16	15,390.46	16,420.41	22,500.00
Released Total	21,384.29	28,741.68	27,926.95	132,186.83	44,000.00

In the last decades the market has emerged as an instrument of public policy. Margaret Thatcher in the UK made extensive use of market mechanisms as a tool for promoting competition between public services (including higher education) to increase their efficiency and to maximise the provision of social benefits. It was Thatcher’s government that defined the three **E**s for the management of the public sector (Sizer 1990):

**Economy** in the acquisition of resources, **Efficiency** in the use of resources, and **Effectiveness** in the achievement of objectives. In several countries governments have also been experimenting with market-type mechanisms to force higher education institutions to compete for students, for funds, for research money. At the European level, the Bologna Declaration, ‘redefining the nature and content of academic programmes, is transforming what were once state monopolies over academic degrees into competitive international markets’ (Dill *et al* 2004:330). However, the efficient operation of a market requires it to be perfectly competitive (Leslie and Johnson 1974). This implies a number of conditions that are difficult to fulfill, one of them being the need for perfect information by producers and consumers about price, quality and other relevant characteristics of the good or service being purchased. Therefore, the public disclosure of the results of quality assessment exercises can be seen as a tool to provide useful information for the

efficient operation of the higher education market. Information is particularly relevant in the case of higher education that has three simultaneous characteristics (Dill and Soo 2004):

1. It is an ‘experience’ good, meaning that its relevant characteristics can only be effectively assessed by consumption. It is only after a student starts attending classes that he forms a true idea of what he has got in terms of quality, professors, and educational experience.
2. It is a rare purchase, as a student in principle enrolls in a single degree programme throughout his professional life. Therefore he cannot derive market experience from frequent purchases, as it would be the case of buying clothes or food.
3. Opting-out costs are high, as changing to a different programme or institution is difficult and in general has high associated costs (Dill and Soo 2004).

The simultaneity of these three characteristics of higher education gives the government a strong basis for intervention to protect consumers. In general, government intervention (Smith 2000) aims at providing information to students and their families and may take different forms such as licensing, accreditation, and the publicity of the results of quality assessment activities.

## **2.1 SELF-REGULATED PRIVATE SECTOR AND INHERENT OPPORTUNITY COSTS**

First the scathing criticism of private sector in HEPN (2006) states that Pakistan’s performance of the higher education subsector is at sub-par. Although the “private rates of returns to higher education stand substantially higher in Pakistan than in neighboring countries (Riboud, Savchenko, Tan as cited in HEPN 2006, p. 5). This augmented role of private sector was an attempt by the government to enhance the following: access, quality and infrastructure. The TFHE suggested the government to act as a supervisor rather than the directors by concentrating “on establishing the parameters within which success can be achieved, while allowing specific solutions to emerge from the creativity of higher education professionals” (World Bank 2000, p.11). But there lies the rub - although the government of Pakistan encouraged the private sector, but without public funding, it could no longer intervene, supervise and mentor the academic aspect of private universities. The increasingly self-regulated private sector spawned problems in terms of “access, quality, performance, teaching staff and pedagogic methodology, internal and external efficiency, equity, governance and management, monitoring and evaluation, and, last but not least, funding” (HEPN 2006, p.5). Hence, the autonomy of private sector and the government’s endeavour to introduce a ‘**demand-led system**’ had its opportunity costs:

### **2.1.1 Compromising Efficiency: Selection of Demand-Led Disciplines**

One major area of concern was the selection of subjects offered by private universities and development of curriculum that was absolutely dissociated from the socio-economic realities of the countries. The World Bank Report calls these the “new realities”: *expansion, differentiation,*

and the *knowledge revolution* (2000, p.16). This is in complete opposition to the suggestions by the World Bank Task Force of expanding humanities and basic sciences base of the country. The courses offered at private institutes are normally in management and computer sciences in tandem with the international demand for such.

It is important to note the concept of efficiency which is essentially a “comparison between inputs used in a certain activity and produced outputs. When, with a given amount of inputs or resources, a decision making unit– be it a company, a government body, or a country – attains that level of output or outputs that is the maximum attainable under the existing technology, that is said to be efficient, i.e., it operates on the *production possibility frontier*. When it produces less than what can possibly be attained, the DMU is considered to be inefficient.

#### Inputs to Measure Efficiency:

- Full-time equivalent academic staff is the input considered. This category includes all personnel whose primary or major assignment is instruction or research (covering, namely, those holding an academic rank with such titles as professor, associate professor, assistant professor, instructor etc.
- The total number of students is the other input we included. Students are an input in so far as they constitute the essential resource used to produce one of the main tertiary education outputs – the number of graduates.<sup>1213</sup>
- One major area of concern was the selection of subjects offered by private universities and development of curriculum that was absolutely dissociated from the socio-economic realities of the countries.
- The World Bank Report calls these the “new realities”: *expansion, differentiation*, and the *knowledge revolution* (2000, p.16). This is in complete opposition to the suggestions by the World Bank Task Force of expanding humanities and basic sciences base of the country. The courses offered at private institutes are normally in management and computer sciences in tandem with the international demand for such.

Sadlak in his seminal study in 1978, which is still relevant today, states it is essential to take into consideration while discussing efficiency that demand for higher education continues to swell even when in some instance the demand for graduates does not increase at the same rate.<sup>14</sup>

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<sup>12</sup> United Nations Educational, Scientific and Cultural Organization (UNESCO)

<sup>13</sup> See Aubyn et al., (2008). Study on the Efficiency and Effectiveness of Public Spending on Tertiary Education (3<sup>rd</sup> Draft, p.13).

<sup>14</sup> \*Sadlak, Jan, 1978 , Efficiency In Higher Education - Concepts And Problems Higher Education 7 (1978) 213-220.

### 2.1.2 Unplanned Supply

Easier access resulted in exploded enrolments in these disciplines as well as a saturated ‘unplanned supply’ of graduates which the markets were unprepared for. The private sector universities under general charter for academics recorded an increase in percentage of enrollments in MBA and BBA programmes (data required). Now a closer analysis implies that both ‘sufficient autonomy’ (World Bank 2000, p.11) along with unclear supervision contributed to this trend. Therefore, this supposedly “increased openness” and encouragement of “higher education institutions to develop knowledge- (and revenue-) sharing links with business and to deepen the dialogue with society” (World Bank 2000, p.11) neither lead to “stronger democracy” nor “more resilient nation states” (ibid. p.11). Consequently, the saturation caused by production of graduates in demand-led subjects has rendered a numerous numbers unemployed or underemployed at non-competitive rates.

### 2.1.2 Quantitative Expansion and Consumerism

The consumers of tertiary education view the competitive academic setting as a market governed by competitive pricing (tuition) and differentiation (quality). Instead of qualitative sectoring out of various disciplines, the so called *horizontal differentiation*, instituted by the government in Pakistan, has promoted ‘consumerism’. The private universities, witnessing this tendency, increased the fees against the demand-led programmes and there is a consistent outsourcing of instructional function of qualified faculty from one institute to another, as each vies to augment its institutional profile. This is also because “at flagship universities in developing countries, many faculty members have little, if any, graduate level training. This limits the level of knowledge imparted to students and restricts the students’ ability to access existing knowledge and generate new ideas” (ibid. p.23). This dilemma of developing countries is succinctly represented in the following analysis:

Problems of quality and lack of resources are compounded by the new realities faced by higher education, the first of which is *expansion*, as higher education institutions battle to cope with ever-increasing student numbers. Responding to this demand without further diluting quality is an especially daunting challenge (ibid. p.26).

The government focused more on the infrastructural capacity of the private sector universities, but did not implement the academic orientated approach. Thus, totally disregarding the qualitative aspect, it only directed the private academic sector towards quantitative expansion. The World Bank Report states that in developing countries:

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Expansion has produced a variety of consequences. In many instances, existing institutions have grown in size, transforming themselves into mega-universities; in other cases, traditional institutions have been replicated by public or private means. An even more creative response has been seen in *differentiation*, a process whereby new types of institutions are born and new providers enter the sector. Developing countries now have a tremendous variety of colleges and universities, instead of the small number of homogeneous institutions existing 50 years ago. Private institutions have joined public ones, while a range of vocational and professional schools now complement the traditional universities. (2000, pp.16-17)

While this expansion has had its positive impact, it has also “caused the average quality of education to decline in many countries as resources are stretched increasingly thin” (ibid. p.17). The World Bank analysis is pertinent to Pakistan’s present academic environment that is experiencing a private sector boom at the moment:

Private institutions are currently growing most quickly, and there is an especially urgent need to explore what the private sector can and cannot deliver. Policymakers can then plan for the orderly development of a higher education system; establish mechanisms to maintain quality; and, most importantly, nurture areas for which private funds are unlikely to be available. These include basic scientific research, support for the humanities, and scholarship support to increase access for underrepresented groups (ibid. p.17).

The World Bank Reports adds, with reference to Pakistan, that secondary enrolments have soared:

For example, between 1965 and 1995 the secondary gross enrollment ratio increased ...from 12 to 30 percent in Pakistan. This has a double impact on higher education. More secondary students would mean more people entering higher education, even if the proportion progressing remained constant. However, the proportion who does want to graduate to higher education is increasing substantially, as globalization makes skilled workers more valuable and the international market for ideas, top faculty, and promising students continues to develop (ibid. p.27).

Hence, higher education in Pakistan displays discrepancies that have exacerbated the developing private education groundwork of Pakistan.

## **PARALLEL TRENDS**

## **I. Enhanced Access**

- The HEC has focused on improving access by enhancing capacity of the HEI's through development and funding of expansion plans of public sector HEIs and providing incentives to the private sector.
- There has been a major focus on distance learning and setting up universities and campuses in remoter areas in order to provide access to the geographically disadvantaged.
- Equitable access has also been promoted through provision of financial support in the form of scholarships and fee exemptions. Equity has been ensured through the institution of transparent evaluation processes for the award of scholarships and admissions.
- Rapidly increasing enrollment in higher education is a good indicator of improved access. According to the Task Force on Higher Education report (2002), only 135,000 students attended universities in Pakistan in that year.
- The available data indicate that during the last six years (2002 to 2008), enrollment in higher education, in aggregate, has grown to 283,500 (a remarkable 210 percent increase).
- Enrolment in distance learning programmes has also increased remarkably from 89,700 students in 2002 to 559,289 students in 2008. Thus, total enrolments have increased 3.75 times; from 224,700 in 2001-02 to 842,789 in six years due in large part to the efforts of the HEC to expand access to higher education.
- Gender gap, in enrolment, in higher education has seen a significant decline over this period. In 2001-02, females accounted for 37 percent of the total number of students enrolled. In 2007-08, this proportion had improved to 46 percent of the total. The gender bias in higher education in Pakistan has all but disappeared. (HEC Report 2008-2009, p.10)

## **II. Enhanced Research Culture:**

- Six years before HEC's inception, 3,260 research articles were published. During HEC's six years, a total of 11,185 research articles were published in leading academic journals. This escalation of more than 300 percent is an indicator of the quantitative performance.
- Hence, international research publications in Pakistan rose from 600 research papers per year in 2003 to 4,300 research papers in 2008.
- The full measure of the achievement of the HEC, in this area, should be seen in light of the fact that the publications during the HEC era are in peer recognized journals. This is remarkable progress in both quantity & quality of the research output under the HEC (HEC Report 2002-2008, p13).

- There is a catch though. The growth in research culture in terms of research publications has been in public sector universities where the private sector universities have a lot of ground to cover:

#### **4. CONCLUSION AND RECOMMENDATIONS**

However to enhance the efficiency of the private sector, the higher education institutes must devise a comprehensive standard to ensure the quality of its private sector institutes.

Secondly, the private sector must formulate a systematic consultation mechanism to create better communication network and information sharing at central and provincial levels. In addition, the infrastructure can also be further expanded through partnerships between institutions having comparative advantage in either the academic and/ or non academic services.

More linkages should be established and “Centers of Excellence created in public universities could be established as autonomous bodies with more spending and operational latitude” (ibid. p.28) as well as an increased participation of the industry in the private education sector. This will result in creating an environment conducive to improving and regulating the quality of private sector education and introduce an element of accountability at the instructional level.

In addition, last but not least, the funding system must be adjusted by enlarging the needs-based scholarship plan for scholars enrolled in private higher education institutes to augment the access and help release the mounting pressure of budget constraints hampering the efficiency of private education institutes

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*Private Higher Education Global Perspectives 2005 (Eds) Levy and Altbach*

High Regulation Intervention Low Funding  
High Regulation Intervention High Funding  
Low Regulation Intervention High Funding  
Low Regulation Intervention Low Funding

Guaranteed access to students who pass the test have enhanced pvt sector. Once in Asia and Latin America the public sector dominated but now more people are opting pvt education p.3 These two societal forces- the demand for access and an unwillingness or inability of the state to pay the increased costs of higher education – have stimulated much of the growth of private education worldwide.(Altbach and Levy, 2005, p.4). ‘Macdonaldization’ of higher education. P.4

**Funding Patterns**

In the absence of public funding students are the cost bearer-and direct sources of funding. They are therefore the donors- student tuition. For-profit private sector usually thrives where the state allows entrepreneurship but some countries do exert restrictive controls over the for profit sector thereby reducing the profit- China. “Family-run private universities in some cases are created as profit-making business operations.” P.5- Philippines, for example, universities have been listed in the stock exchange for decades.

**The Anatomy of Private Higher Education** difficult typology, then for-profit, religiously affiliated, or research universities.

**Quality – Foreign faculty hiring programme**

The Foreign Faculty Hiring Programme has been a great success in building the human resource capacity of this sector. Through this programme talented and renowned Pakistani expatriates and foreigners have joined the higher education faculty in Pakistan for long and short tenures. A total of 278 professors have joined the universities under the Extended Duration Foreign Faculty Hiring Programme. An additional 166 foreign faculty members have contributed to higher education in public sector institutions under the Short Duration Foreign Faculty Hiring Programme. (HEC Report 2008-2009, p.9)

**Payscale Revision:**

A comprehensive set of incentives has been put in place to attract and retain the best academic faculty. There has been an upward revision of pay scales and direct appointment of PhDs as Assistant Professors in the Basic Pay Scale 19. The PhD allowance was revised upwards and a Tenure Track System was also introduced with extremely attractive emoluments. A Sabbatical Leave Fellowship Programme was introduced and a system of recognizing faculty performance in the form of the HEC Distinguished National Professors Programme and a Best University Teacher Award was initiated. (HEC Report 2008-2009, p.10)

**Increasing Access:**

The HEC has focused on improving access by enhancing capacity of the HEI's through development and funding of expansion plans of public sector HEIs and providing incentives to the private sector. There has been a major focus on distance learning and setting up universities and campuses in remoter areas in order to provide access to the geographically disadvantaged. Equitable access has also been promoted through provision of financial support in the form of scholarships and fee exemptions. Equity has been ensured through the institution of transparent evaluation processes for the award of scholarships and admissions.

Rapidly increasing enrolment in higher education is a good indicator of improved access. According to the Task Force on Higher Education report (2002), only 135,000 students attended universities in Pakistan in that year. The available data indicate that during the last six years (2002 to 2008), enrolment in higher education, in aggregate, has grown to 283,500 (a remarkable 210 percent increase). Enrolment in distance learning programmes has also increased remarkably from 89,700 students in 2002 to 559,289 students in 2008. Thus, total enrolments have increased 3.75 times; from 224,700 in 2001-02 to 842,789 in six years due in large part to the efforts of the HEC to expand access to higher education.

Gender gap, in enrolment, in higher education has seen a significant decline over this period. In 2001-02, females accounted for 37 percent of the total number of students enrolled. In 2007-08, this proportion had improved to 46 percent of the total. The gender bias in higher education in Pakistan has all but disappeared. (HEC Report 2008-2009, p.10)

**There are several diverse University-industry Linkage Projects underway.** These include the development of Baby Cum School and Children Food of High Nutrient Density Diabetic Meals; Improved Edible Protein Film Packaging; Light Weight 3-Wheeler 4- Stroke Slim Car/Rickshaw (Prototype) utilizing Composite Material; Super Energy Saving Light for Urban, Rural and Industrial Application using Super Bright LEDs; Prototyping of an Electronically Controlled CVT (Continuously Variable Transmission); Indigenous Development of CNG Car Kit; Control of Pathological Conditions causing Skin Damage and consequently Reducing Market Value in

Domestic Ruminants of Punjab; and, Kinnoo Quality Improvement for Export to Global Market. (HEC Report 2002-2008, p15).

**Efficiency:** An important factor to be taken into account when discussing efficiency in higher education is that demand for higher education continues to increase notwithstanding the fact that in some cases the demand for graduates does not increase at the same rate.

SADLAK , JAN, 1978 , EFFICIENCY IN HIGHER EDUCATION - CONCEPTS AND PROBLEMS Higher Education 7 (1978) 213-220 213 ? Elsevier Scientific Publishing Company, Amsterdam- Printed in the Netherlands UNESCO - European Centre for Higher Education (CEPES) Bucharest, Romania

**Pakistan's real gross domestic product (GDP) grew at 6 percent in 2008 and GDP per capita was estimated at about \$2,600. But the IMF outlook for 2009's GDP growth is just 2.5 percent.** The World Bank ranks Pakistan second in the South Asian region after Maldives on its Ease of Doing Business Index for the private sector. But infrastructural constraints, corruption, weak intellectual property rights, and a feudal system of land distribution are some of the major bottlenecks preventing a more effective and vibrant private sector in the country. Increased violence in recent years has made the private sector more reluctant to invest. ([cfr.org/.../business\\_of\\_helping\\_pakistan...](http://cfr.org/.../business_of_helping_pakistan...))

**Stabilizing Pakistan: Boosting its Private Sector Jayshree Bajoria**, Staff Writer April 30, 2009).

While universities and the academic community in general would like higher education to be viewed as a public good, the prevailing argument in the WTO Secretariat is that higher education is akin to 'private consumption' directly benefiting the consumer by way of higher income. The WTO Secretariat in September 1998 has mentioned that with the rapid changes in higher education 'education also exists as a private consumption item with a price determined freely by the providing institutions'. (**Higher Education in India: Seizing The Opportunity Sanat Kaul** May 2006, p.6, )

In 2000-01, of the 13,072 higher education institutions, 42 per cent were privately owned and run catering to 37 per cent of students enrolled into Higher education, that is, approximately 3.1 million out of total 8.4 million. (**Higher Education in India: Seizing The Opportunity Sanat Kaul** May 2006, p.22)

The gross enrolment rate of higher education in India is roughly 6per cent. (**Higher Education in India: Seizing The Opportunity Sanat Kaul** May 2006, p.32)

Figure 4

### The three relevant characteristics of HE

1. It is an 'experience' good, meaning that its relevant characteristics can only be effectively assessed by consumption. It is only after a student starts attending classes that he forms a true idea of what he has got in terms of quality, professors, and educational experience.
2. It is a rare purchase, as a student in principle enrolls in a single degree programme throughout his professional life. Therefore he cannot derive market experience from frequent purchases, as it would be the case of buying clothes or food.
3. Opting-out costs are high, as changing to a different programme or institution is difficult and in general has high associated costs (Dill and Soo 2004).

### Higher education and quality assessment: The many rationales for quality

Alberto Amaral (Copyright © 2007 by the European University Association)

	Development and Non Development Expenditure on Higher Education (Million Rs.)				
Year	2005-06	2006-07	2007-08	2008-09	2009-10
Released Recurring	10,493.41	14,332.52	12,536.50	15,766.43	21,500.00
Released Development	10,890.88	14,409.16	15,390.46	16,420.41	22,500.00
Released Total	21,384.29	28,741.68	27,926.95	132,186.83	44,000.00

	Scholarships under Cultural Exchange Programme				
Name of Country	Selected	Proceeded/ Availed	Visa under process	Returned	Presently studying
China	117	68	30	128	
Turkey	16	-	16	2	16
Romania	10	3	4	2	5
Slovak	3	3	-	-	3
Mexico	1	-	1	1	1
Egypt	13	13	-	1	44
Total:	160	87	21	36	197

Source : Economic Survey of Pakistan 2009-2010

Average Public Sector

	Textile	BBA	MBA	BE/B.Tech/BS	ME/MS/M.tech	BA/LLB	MA/LLM	B.Sc	MSc	
Textile	66000									
Dadabhoy		70000	64000	60000	88000	42000	60000			
Hamdard				50000	50000	48000	48000			
KIET		100000	100000	100000	74000					
KASB		81000	86400							
Aga Khan								82200	103225	
Average	66000	83666.67	83466.66667	70000	70666.66667	45000	54000	82200	103225	

Average Private Sector

		BBA	MBA	BE/B.Tech/BS	ME/MS/M.tech	BA/LLB	MA/LLM	B.Sc	MSc	D.Ph
KU		24000	24000	24000	24000	7000	7000	7000	7000	
IBA		102000	102000							
NED										
average		63000	63000	24000	24000	7000	7000	7000	7000	

	Scholarships under Cultural Exchange Programme				
Name of Country	Selected	Proceeded/ Aailed	Visa under process	Returned	Presently studying
China	117	68	30	128	
Turkey	16	-	16	2	16
Romania	10	3	4	2	5
Slovak	3	3	-	-	3
Mexico	1	-	1	1	1
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Total:	160	87	21	36	197